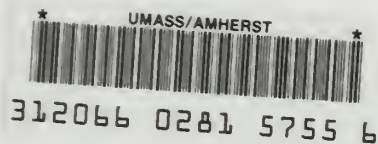


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EXECUTIVE SUMMARY

A HOUSEHOLD SURVEY OF THE HEALTH INSURANCE STATUS OF MASSACHUSETTS RESIDENTS

October, 1990

A Report of the
Harvard School of Public Health,
Louis Harris and Associates
and the Department of Medical Security
of the Commonwealth of Massachusetts



FINAL REPORT:

**A HOUSEHOLD SURVEY OF
THE HEALTH INSURANCE STATUS
OF MASSACHUSETTS RESIDENTS**

October 1990

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SURVEY OF THE HEALTH INSURANCE STATUS OF MASSACHUSETTS RESIDENTS

EXECUTIVE SUMMARY

October, 1990

Between September and December, 1989, the Harvard School of Public Health and Louis Harris and Associates conducted a statewide survey in Massachusetts to collect information on the health care, employment, demographic and insurance status of Massachusetts residents. In addition, the survey focused on the experiences of the elderly with the Massachusetts health care system. Respondents were interviewed in 1,066 households in the state to gather information about 2,702 insured and uninsured individuals representative of the total state population. The interviews were conducted primarily in person with a supplementary sample conducted by telephone. For purposes of this report, like those from other surveys of this type, the data have been weighted to an estimate of the total state population, i.e. 5,916,000 individuals. The highlights of the report are as follows:

1. Who are the Uninsured in Massachusetts?

Approximately 8 percent of Massachusetts residents are lacking health insurance coverage.

- * This figure is similar to the 8 percent estimate provided by Current Population Survey (CPS) for 1988.**
- * It is substantially lower than the most recent estimate of 13 percent for the United States population as a whole.**

The majority of the uninsured live in households where someone is employed (84 percent), the household's income is above the poverty line (86 percent), and the household members are white (75 percent).

Certain groups in Massachusetts are disproportionately uninsured. Compared with the uninsured rate of 8 percent statewide:

- * Twenty-nine percent of those who are unemployed are without health care coverage.
- * 22 percent of those living below poverty, and 20 percent of those just above poverty (101 to 200 percent of poverty) are uninsured.
- * Twenty percent of the state's Black population, and 26 percent of the Hispanic population are uninsured.

Six of ten of the uninsured have been without coverage for more than six months.

2. What is the Employment Status of the Uninsured?

The seven percent of the employed working adults who are without insurance are concentrated in certain types of jobs.

- * Sixty-five percent of the working uninsured are in firms under 100 employees and 53 percent in those under 24; 30 percent of the employed uninsured work for firms with fewer than six employees, businesses which are exempt from the requirement to provide health insurance to their employees in 1992.

- * Of all workers who report that they work for firms with fewer than six employees, 13 percent are uninsured. Eighteen percent of employees of firms with six to nine employees are uninsured.
- * Approximately 15 to 33 percent of the workforce in five industries -- agriculture/fishing, hotel services, maintenance/repair/construction activities, food and beverage trade, and recreation -- are without health insurance coverage.
- * Of all Massachusetts residents who are employed in service industries, 13 percent are uninsured. Twenty percent of persons who say they are unskilled laborers are also without health coverage.
- * Three quarters of those working less than 17 hours a week, and 37 percent of those working between 17 and 35 hours weekly are uninsured.
- * Twenty-two percent of seasonal workers are uninsured.
- * People who are self-employed are twice as likely to be uninsured as those who work for someone else (14 percent vs. six percent, respectively, are without such coverage.)
- * People who earn a living by working at more than one job are almost twice as likely not to have health insurance of those holding only one job (12 percent versus 7 percent).
- * Twenty-nine percent of those who are unemployed are uninsured.

Approximately one in three uninsured working adults report that they are employed by firms which make health insurance available to at least some of their employees.

- * Of this group, 46 percent say that they are not eligible to join their employer's plan, either because they work part-time (14 percent) or have not worked for the employer for a long enough period of time (32 percent).
- * Twenty-eight percent of this group report that the cost of health insurance is too expensive for their budget.
- * Only 4 percent say they do not have coverage because they do not feel they need it.

Fifty-five percent of all uninsured adults do not have an employer-provided policy available to them, either because their employer does not offer insurance or because they are not working.

- * Approximately six of ten respondents in each of these groups report that they do not have health insurance because it is too expensive.
- * Only 6 percent of those who are working and 9 percent of those who are not say that they do not want or need such coverage.

Most uninsured residents would be willing to spend substantial amounts on health insurance if it were available to them.

- * Over three quarters of the families surveyed report they would be willing to purchase some type of family coverage if they were required to pay 55 percent of the full premium costs--with their share of the total cost ranging from \$85 per month for a basic hospitalization plan to \$235 for a comprehensive plan).
- * Fifty-nine percent of the uninsured families surveyed would be willing to pay \$130 per month (30 percent of the premium for comprehensive coverage; 40 percent would be willing to pay \$235 (55 percent) for that coverage.
- * Sixty percent of the individuals surveyed would be willing to purchase some type of individual coverage at the highest level of premiums (ranging from \$35 for a basic plan to \$100 for a comprehensive plan).
- * The individuals surveyed were less certain about purchasing insurance than the families surveyed: one third of the individuals were uncertain of whether they would buy a plan at any of the prices offered compared with only 10 to 12 percent of the families.

3. Who are the Underinsured?

Eight percent of the state's insured (7 percent of the total population) had medical care costs in 1989 for which their health insurance coverage was not adequate to their needs.

- * The population defined as underinsured consists of persons who meet at least one of two criteria: they had out-of-pocket health expenditures in 1989 which exceeded 10

percent of household incomes, or they who tried to obtain medical care in 1989 and were unable to because of financial limitations.

Unlike the uninsured, who are concentrated among certain populations, the underinsured are more evenly distributed across demographic groups.

4. What are the Problems with Health Status, Access to and Utilization of Health Care Services Among the Uninsured in Massachusetts?

The uninsured experience a heavier burden of illness than those with insurance.

- * Six percent of nonelderly insured persons in Massachusetts report themselves to be in fair or poor health, while 11 percent of the uninsured are in these categories.
- * The number of nonelderly uninsured persons who have a disability or handicap which limits their daily activities is also disproportionately large in comparison to the insured--16 percent of the uninsured are disabled, compared with 7 percent of the insured.
- * Twenty-five percent of nonelderly insured persons and 29 percent of nonelderly uninsured persons report that they have been diagnosed with one or more chronic or serious medical conditions listed in the survey.

Despite being in poorer health, the uninsured receive less medical care than the insured.

- * Uninsured adults saw physicians 29 percent less frequently and were hospitalized 13 percent less often than insured adults. Uninsured adults had an average of 5 physician visits per person and an admission rate to hospitals of 7 per 100 uninsured, compared with an average of 7 annual physician visits and 8 percent hospitalized in the insured population.
- * Uninsured children, who were found to have a similar rate of ill health as children with health insurance, saw doctors 2 times a year, or 50 percent less frequently than insured children with 4 visits per year.

A substantial number of the uninsured do not get the health care they need.

- * Forty-seven percent of uninsured persons who had any of twelve identified chronic or serious illnesses (such as cancer, heart disease, diabetes, and stroke) did not see a physician for this problem at least once during the year previous to the survey, compared with only 18 percent of those with health insurance coverage.
- * Only 29 percent of insured persons who over the past thirty days had experienced one or more symptoms judged by a panel of doctors to warrant physician care had not sought medical attention in contrast with 51 percent on uninsured persons.
- * Two percent of Massachusetts residents, (78,000 people) failed to obtain needed medical care because of financial reasons in 1989. The proportion was 9 percent among the uninsured and one percent among those with an insurance policy.

- * Less than one percent (approximately 15,000) Massachusetts residents reported that they actually tried to obtain the medical care they needed during the year, but were turned away by doctors or hospitals because they could not afford to pay for the service.

Comparisons with national studies show that on some measures, access barriers to care are less serious in Massachusetts than in the United States a whole.

- * The 2 percent of Massachusetts residents who report that they were unable to obtain needed care for financial reasons is much lower than the data for the U.S. population found in two other national surveys (8 percent in 1988 and 6 percent in 1986).
- * Other comparative national data suggests gaps in use of physician care by the uninsured in Massachusetts are almost as wide as are found nationally. For adults using physician services, the national gap has been reported as 22 percent and 33 percent fewer services used by the uninsured than the insured. In Massachusetts, the gap in 1989 was 29 percent.
- * With its extensive system of uncompensated hospital care, the gap between the uninsured and insured in use of hospital services is 13 percentage points, compared with a national figure of 29 percent, even though Massachusetts' uninsured adults have more severe health problems than insured adults.

5. What Health Care Problems are Facing the Elderly in Massachusetts?

Though the majority of elderly respondents to this survey report themselves to be in good health and free from health-related disabilities, their risk of experiencing health problems is two to three times greater than non-elderly adults.

- * Thirty percent are in fair or poor health compared with 7 percent of adults ages 18 to 64.
- * Twenty-one percent of reported they are disabled compared with 8 percent of other adults.

On most dimensions, despite their higher rates of illness and disability, the elderly reported no greater difficulty gaining access to health care services than other adults in the Commonwealth.

- * One out of ten of those over 65 (approximately 66,000 elderly people) reported that their health insurance benefits worsened on the last year compared to 8 percent for the under 65 adult population.
- * 69,000 elderly individuals (10 percent of this population) experienced significant difficulties because they were underinsured at the time they were ill compared to 9 percent of adults under age 65.
- * Less than 1 percent of this population reported that they were unable to obtain needed health care for either financial or other reasons.

- * The elderly who reported a major chronic disease were as likely to see a doctor in the course of a year for these problems as were adults under age 65 who had the same illnesses. Twenty-one percent with a chronic disease did not receive medical care in the year prior to the survey, compared with 22 percent of other adults.
- * Sixteen percent of elderly persons who had experienced serious medical symptoms in the previous year did not seek medical assistance compared with 40 percent of nonelderly adults with the same symptoms.

6. Are There Regional Differences Among the Uninsured Within Massachusetts?

Western Massachusetts has the highest proportion of its population reporting themselves to be uninsured (15 percent).

- * Thirty-six percent of non-whites in this region are uninsured in comparison with 20 percent statewide.
- * Thirty-five percent of those who live below the poverty line in this region are uninsured in comparison with 22 percent statewide.
- * Twenty-nine percent of the workers in businesses with fewer than 25 employees are uninsured in this region.

Worcester County and Northeastern Massachusetts have the lowest rates of uninsurance (5 percent).

- * In contrast with Western Massachusetts, only 10 percent of the small business workers in Worcester County, and only 6 percent in Northeastern Massachusetts are uninsured.

Implications of this Study for the Future

- * The findings of this survey have four implications for the cost of implementing Chapter 23 in Massachusetts:
 - 1) The total number of uninsured found in Massachusetts has declined from an estimated 600,000 in 1986 (CPS data used when Chapter 23 was enacted) to 455,000 in 1989. We would expect that this change alone would result in a lower total cost of covering the uninsured.
 - 2) The mandate for employers to provide insurance to their employees in 1992 will cover approximately 42% of the uninsured in the Commonwealth. Given this fact, the goal of achieving universal coverage for all residents of the Commonwealth, and the costs associated with such an effort, will depend on a) the extent to which insurance policies can be developed that appeal to individuals and employers who are not covered by the mandate, and b) the number of people in these groups who voluntarily choose to purchase these policies.
 - 3) Because employer provisions of Chapter 23 will not result in coverage for many residents of the Commonwealth, and all individuals may not choose to take advantage of the law's provision to make affordable policies available

that can be purchased directly through the program, these residents will have to rely on other options such as self-insurance or the uncompensated care pool. Therefore, though the costs of the pool may be diminished, they will likely not be eliminated.

- 4) Providing health insurance to the uninsured will likely lead to an increased demand for services by this population, given their comparative underuse of health services currently. It is likely that this increased use of services will lead to an increase in health expenditures in the Commonwealth.

- * Chapter 23 requires employers (with more than six employees) in 1992 to contribute \$1,680 per employee towards the purchase of an individual or family health insurance policy. This involves a contribution of \$140 per month by the employer. Depending on the workforce characteristics of various employee groups, this level of contribution in 1989 would have paid for between 45 and 70 percent of the monthly premium of an employer-sponsored individual or family health insurance policy. This would require individual employees to contribute between 30 and 55 percent of the cost of monthly health insurance premiums. The study finds that if the law were implemented today, more than 6 out of 10 of those who are uninsured or who buy their own policies directly would purchase a policy, contributing 55 percent of the monthly insurance premium costs. If the required employee contribution were to fall to the 30 percent level, more than 7 out of 10 would elect to purchase health insurance through their employers or the state directly.

Additional findings suggest that this population (the uninsured and self-insured) prefers a range of health insurance options, including comprehensive, major medical, health

maintenance organizations and basic coverage. Offering this group only a single choice of coverage would likely result in less willingness to purchase coverage.

- * Finally, this study suggests that the reliance on uncompensated care provided by Massachusetts hospitals and medical clinics may not be an effective substitute for more widely available health insurance and may adversely affect the health care received by those who are uninsured. Despite the fact that under Chapter 23 the state provides a large pool of resources to provide uncompensated care to those who are financially needy, and that access to health services appears to be better in Massachusetts than nationally, this survey finds that today there are significant numbers of uninsured individuals who have identified serious illnesses and who are not receiving the medical care they may need.

